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TAGS: [PGOV](#) [PTER](#) [PREL](#) [PINR](#) [KDEM](#) [IN](#)

SUBJECT: MANMOHAN SINGH: GREAT EXPECTATIONS FOR NEW GOVERNMENT

REF: A. NEW DELHI 1163

[1](#)B. NEW DELHI 1266

[1](#)1. (SBU) Summary: Prime Minister Manmohan Singh addressed the Lok Sabha (lower house of the Indian Parliament) on June 9, reaffirming the United Progressive Alliance (UPA) government's agenda and goals as mentioned in President Prathiba Patil's parliamentary address one week before. PM Singh emphasized two areas of forward momentum for his government's second term in office -- improving India-Pakistan bilateral relations and working constructively with the main opposition Bharatiya Janata Party (BJP). On Pakistan, PM Singh asserted India was willing to engage with Pakistan "more than half way," but must have assurances the Pakistani government would take strong action to dismantle the terrorist infrastructure. After months of contentious election campaigning, the PM pledged a "new beginning" of Congress Party-BJP ties. He called on the opposition to put partisan politics aside and to work together in achieving common goals of tackling terrorism, reviving high economic growth and expanding social development programs. End Summary.

Bipartisanship: "The 21st Century is India's"

[1](#)2. (U) Prime Minister Manmohan Singh's remarks on June 9 outlined the achievements of the previous UPA government and charted a road map for its second term in office. His address marked the end of the short parliamentary session, which convened on June 1. President Prathiba Patil addressed a joint sitting of Parliament one week prior (Ref. A), followed by a motion of thanks in which members of both houses debated the priorities and policies laid out in the President's speech.

[1](#)3. (U) PM Singh called for the main opposition Bharatiya Janata Party's (BJP) cooperation in achieving high economic growth rates, tackling terrorism and expanding UPA flagship social programs, such as the national rural employment guarantee (NREGA). He praised all MPs for their bipartisan support in electing Congress Party veteran Meira Kumar as the new Lok Sabha Speaker. The PM pledged for a "new beginning" in Congress-BJP ties, after months of contentious elections campaigning. He commended opposition leader L.K. Advani's

earlier comments that the "21st Century will be India's" if the Congress-BJP put partisan politics aside and worked together. "This is an idea I have been saying, whose time has come," the PM noted.

Development and Poverty Reduction for Aam Aadmi

¶4. (SBU) The PM's speech was largely in-line with President Patil's parliamentary address, reinforcing common themes of reducing poverty, raising the economic growth rate and expanding the UPA's flagship social development schemes. Singh reminded Parliament the founding fathers of India had themselves identified poverty reduction as necessary for true freedom. Towards that end, the Prime Minister pledged, his government would further improve the implementation as well as the funding of the rural employment guarantee program, the rural infrastructure program called Bharat Nirman, the rural health mission, primary schools, and the Integrated Child Development Scheme aimed at eradicating malnutrition.

¶5. (SBU) Singh also continued to invoke the goal of "inclusive growth." But, while increasing government spending on social programs and infrastructure is important, he asserted, "money does not grow on trees." As such, the PM underlined, the government needs to ensure high economic growth in order to generate new jobs and increase government tax revenues to spend on social programs. Interestingly, the PM looked to India to regain its high growth path without waiting for the rest of the global economy to recover. Singh

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also conceded that the government probably would not be able to reduce the fiscal deficit this year at the cost of social development spending, but he warned that India could not spend its way into prosperity and would need a fiscal strategy for the medium term.

Pakistan: "It takes two hands to clap"

¶6. (SBU) Signaling New Delhi's willingness to engage with Pakistan, PM Singh said India would be willing to meet with Pakistani leadership "more than half way" if they took strong action to crack down on terror groups carrying out cross-border attacks. In his most conciliatory comments since the November attacks in Mumbai, the PM said peace with Pakistan is in India's "vital interest" noting that instability in the bilateral relationship would have regional consequences. This has become the standard GOI response to Pakistan, which the PM reiterated at the June 16 meeting with President Zardari on the sidelines of the Shanghai Cooperation Organization (SCO) summit in Yekaterinburg (Ref. B). "At stake is the future of 1.5 billion people living in South Asia. It is our vital interest to try again to make peace with Pakistan. I recognize it takes two hands to clap," he stated.

Focus on Sri Lanka and China

¶7. (SBU) PM Singh asked the Sri Lankan government to "show imagination and courage" in meeting the concerns and aspirations of the Tamil community. He pointed out that India has already provided more than USD 100 million in humanitarian aid and is ready to contribute more. The PM described China as a "strategic partner" and added GOI does not see relations with China in "agnostic terms." He underscored their growing economic ties and indicated that both governments consult regularly on global issues. "There are of course issues which are complex, such as the boundary question, but we have agreed upon a mechanism to address this matter," PM Singh explained.

Comment: No New Promises

18. (SBU) Prime Minister Singh did not use the occasion to lay out any new programs, but rather to reinforce the themes of the President's speech. Those themes indicate a focus on the successful delivery of services already promised under the existing flagship programs and the return of the Indian economy to a high growth path. Notably, he advocated for a return to 8-9 percent growth independent of the global economy. Such a goal is not unfeasible, given India's large domestic economy, but requires the significant reforms that have eluded the Prime Minister and his economic team for the past five years. The Prime Minister's speech suggests he feels India stands poised at a historical juncture, but it is far from clear whether its political leaders are ready to properly steer India into its future. End Comment.
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